Beth Israel Hospital Boston

Annual Report 1987–1988

The bookshelf on the cover holds volumes that illustrate major resources of health delivery in a modern academic medical center—patient care, teaching, research, and management in an ever-changing social and economic environment.

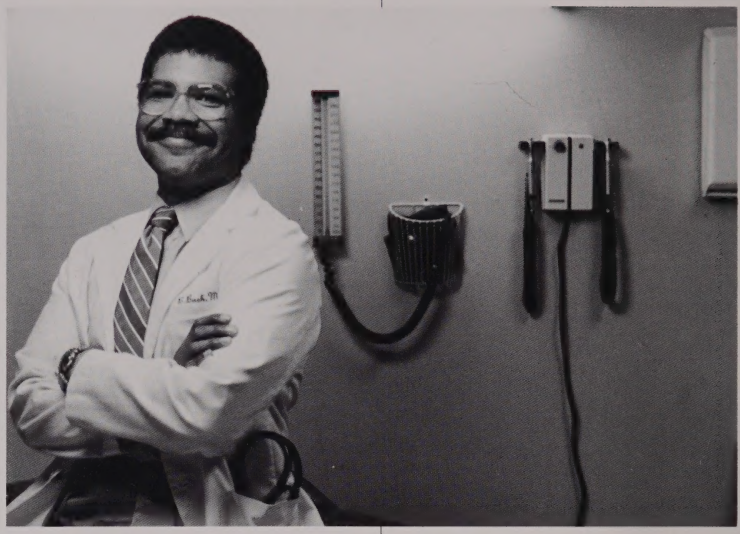
Introduction

Dr. Mitchell T. Rabkin, president

In recent years, social, cultural, and economic factors have increasingly tested hospitals and the health-care professionals who care for patients. Concern about rising costs has caused many Americans to question traditional systems of health-care delivery. Federal and state funding to support quality care has eroded.

In an environment of diminishing financial resources with expectations of high-quality patient care, teaching, and research, teaching hospitals must be thoughtful, innovative, and responsible as they cope with this formidable challenge. Beth Israel Hospital is redoubling its substantial efforts to maintain, improve, or expand where feasible its traditional mission of excellence and concern for the needs of individuals.

Dr. Booker Bush



Patient Care

For many years Beth Israel Hospital has been known as "the patients' hospital," an institution whose history is marked by a special devotion to taking exceptional care of its patients —medically, emotionally, and ethically. More inpatients and outpatients received care at Beth Israel during 1987 than ever before: 26,581 inpatients were treated and 190,324 patient visits were made to the hospital's outpatient facilities.

The hospital's medical staff is committed to providing the most technologically advanced care, and Beth Israel's nationally acclaimed nursing staff is especially well-prepared and motivated to provide skilled and sensitive attention. Primary nursing and the professional nursing practice model, pioneered more than a decade ago at Beth Israel, enable consistently superior and well-coordinated attention to patients' clinical and personal needs. This leadership was cited in *The Best Hospitals in America* by Linda Sunshine and John Wright, published in 1987.

Dr. George S. Kurland, senior staff cardiologist, observes that "the amenities of life take on special significance when one becomes a hospital patient. Patients respond positively to any thoughtful act performed by a hospital staff member." As Dr. Mitchell T. Rabkin, president of Beth Israel, has emphasized, "We take pride in a highly personalized approach to patients so that in addition to the very best medical and scientific technologies we have to offer, the patient feels he or she is truly appreciated and understood as an individual."

It is this attention to the individual that led Rabkin to write the nation's first "Statement on the Rights of Patients" in 1972, a major innovation in American hospital care. In a consistent, systematic, humane manner, patients at Beth Israel are accorded full dignity, confidentiality,

The hospital's more than 1,000 registered nurses collectively worked more than 1,512,000 hours.

Environmental services staff members replace 25,000 paper towels each day throughout the hospital. That amount would cover Sullivan Stadium's (Foxboro, Mass.) playing field 4 times.

In one Beth Israel Year...

and access to information about their cases. At the heart of this special consideration is an ethical concept of the individual: he or she retains full rights and dignity even in compromised health.

In an era of depersonalized health care, when fewer people have a family doctor, Beth Israel's primary-care practice is one creative answer. Organized in response to the need for outpatient care that could serve both older and sicker patients and a younger, relatively healthy population, Healthcare Associates is a successful model of a hospital-based outpatient practice.

Beth Israel remains in great demand, as Dr. Booker Bush, director of Healthcare Associates, observes, because "this is a hospital where patients come first." Bush and his colleagues are committed to their patients and to each other. For example, they consistently take time to discuss ethical issues, such as quality of life, that are at the heart of practicing humane medicine.

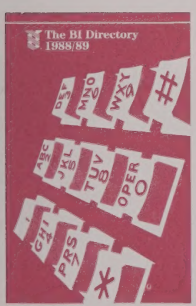
Laureen Krasinski, RN, is the nurse coordinator of the Medical Walk-In Center, an innovative unit that offers team patient care—combining the skills of physicians, nurses, and assistants. The Walk-In Center provides immediate attention for minor medical problems, and relieves some of the pressure on the hospital's Berenson Emergency Unit by treating individuals with less severe illnesses.

Krasinski is enthusiastic about the variety her work provides as well as this first managerial assignment in her career. "We often forget how the successful treatment of a seemingly small health problem can make a big difference in a person's life. We get notes of thanks and appreciation from patients for whom our care has made a qualitative change for the better. Sometimes we can give simple advice and guidance, or we may listen carefully to someone's symptoms and decide how best to refer them to another's care. Even when we have been working very hard and the hours have been long and exhausting, I find myself looking ahead to new goals."

Ellen Liston, RN, director of medical nursing, assesses the positive role that nursing has played in delivering optimal patient care during the past year. Two major accomplishments involved helping to implement the expansion of the cardiology and oncology units and setting new standards of clinical expertise both in bedside care and management. Developing a cohesive nursing staff for these programs required a major effort considering the scope, complexity, and intensity of the nursing functions involved.

All hospitals find it increasingly difficult to attract qualified, experienced nursing staff given the scarcity of nurses at every level of training and specialization. The worst effects of this shortage have not been felt at Beth Israel, thanks in large part to the hospital's reputation as a leader in the nursing profession. According to Liston, innovative recruitment and retention efforts are necessary to continue to spare the hospital unacceptably long vacancies in key areas of nursing care.

The quality of patient care throughout Beth Israel is much more than the sum of certain duties and tasks satisfactorily completed. The interaction between caregiver and patient depends upon a value system that makes the patient the highest priority.



The hospital switchboard received about 5 million incoming calls, close to the number of calls handled by L.L. Bean's toll-free customer service number.

Diners in the Ullian Dining Area consumed 7,500 pounds of lettuce, enough to make 48,000 salads at the Bay Tower Room restaurant in Boston.

4,879 babies were born, a 10 per cent increase in births from 1986.

Jane Mayer, LICSW

When a patient is hospitalized for a heart attack, for cancer therapy, or for treatment of an opportunistic infection associated with AIDS, counseling and support services provided by the department of social work can be of crucial importance not only to the patient, but to family members as well. What is the plan for post-hospital care for the heart attack victim, and how do the spouse and children adjust to the period of recuperation? How long will the cancer patient be hospitalized, and what provisions are necessary to deal with the uncertainties posed by taking medications and returning to a more active life? For the AIDS patient, talking about the feelings associated with repeated hospitalizations and dealing with the fear of terminal illness may require months or even years of therapy with a skilled counselor.

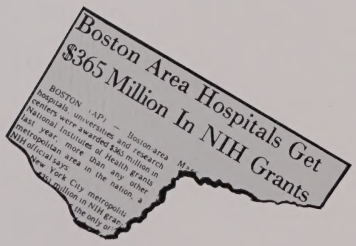
Jane Mayer, LICSW, director of social work at Beth Israel, coordinates the work of 60 full- and part-time staff members. According to Mayer, the intensity associated with delivering counseling, support, and post-hospital placements has risen dramatically. More patients are more acutely ill and in need of social workers' psychological and community resource skills. Patients' hospitalizations, influenced in part by a governmental regulatory system based on diagnosis related groups (DRGs), tend to be shorter, which dictates more rapid assessment of needs and an accelerated decision regarding care following the hospital stay.

In order to deal with increased demands placed upon her staff, Mayer and her colleagues have come up with a number of creative approaches. In the case of the heart attack patient, the social worker might talk with the individual privately and then suggest additional conversations in a support group for post-cardiac patients and their families. For the cancer patient, who has many ongoing needs for support and guidance, the entire health-care team may meet with the social worker to agree upon therapeutic strategies and provide support and encouragement to manage the patient's needs. The AIDS patient may be invited to join a six-week group which is led by a social worker together with a staff nurse.

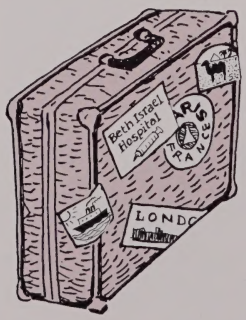
Hester Lampert Hill, LICSW, senior clinical social worker, says the entire Beth Israel health-care staff feels the effects of reduced resources and the resulting stress. "People here are determined to work together and share the struggle even in these difficult times. The effort required is so palpable you can sense it—the walls of this place seem to exude it." The effects of the social work department's remarkable dedication are evident in both patients' lives and colleagues' determination.

Teaching

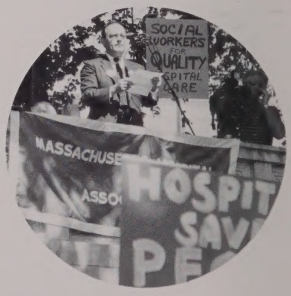
Teaching goes on around the clock at Beth Israel in many likely and unlikely locales: two house officers—an intern and a resident—discuss a problem at the nurses' station on 11 Reisman at 2 am; a triage nurse confers with an emergency



Among independent hospitals receiving research grants from the National Institutes of Health, Beth Israel ranked seventh in the nation.



1,100 world travelers were immunized at the hospital's Medical Walk-In Center.



600 Beth Israel employees participated in the democratic process by attending a health-care rally on Boston Common in September.

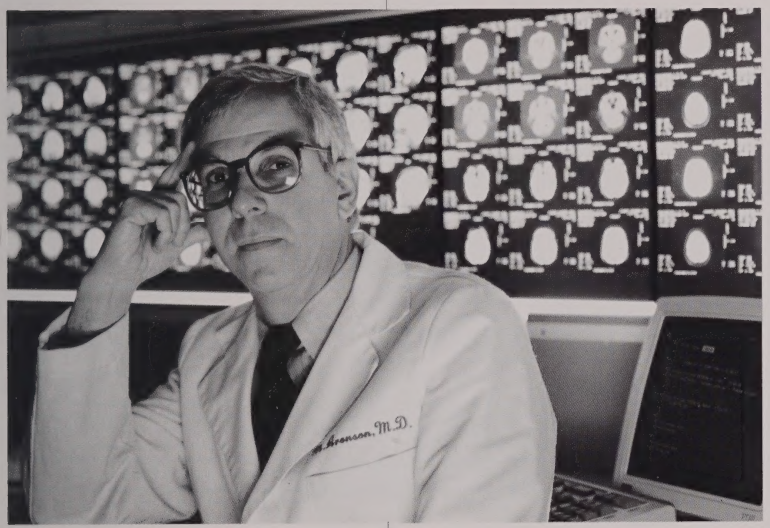
room physician by the bed of an auto accident victim as the trauma team works to stabilize the patient at 9 am; a senior staff physician stands in the hall outside the Sherman Auditorium after grand rounds and answers questions from two primary care residents at 10:30 am; an obstetrical nurse waits with a mother and her newborn in the hospital lobby at 11 am and explains the dangers of hypothermia to infants as the winter wind whistles outside.

Scarcely a moment goes by at Beth Israel without some significant exchange of information, advice, or instruction among staff members or between staff and patients. Although these exchanges are spontaneous, they may be as vital to patient welfare as lectures, seminars, or case conferences.

A major teaching hospital of Harvard Medical School since 1927, Beth Israel provides formal medical training to more than 1,200 students annually, and nearly all Beth Israel physicians hold faculty appointments. More than 300 interns, residents, and fellows are given clinical training in major medical disciplines. Ongoing training programs are also part of career advancement for nurses, medical technologists, social workers, and dietitians.

Teaching hospitals are not only charged with the responsibility of training and instructing health-care professionals at the beginning of their careers, but even more importantly, later on to encourage them to stay abreast of new knowledge and techniques within their specialties.

At Beth Israel, one of the formal teaching structures, with attractive informal features, is the firm system, which is a British hospital training practice instituted here by Dr. Eugene Braunwald, physician-in-chief. There are four firm chiefs, senior physicians who are responsible for overseeing the clinical experience of interns and residents as they progress through the hospital. The firm chief meets with house staff physicians two times weekly and also conducts walk rounds through their assigned divisions and floors.



Dr. Mark Aronson

The Beth Israel Pacemakers, on their way to another championship year, racked up 1,110 points while Dennis Johnson of the Celtics scored 1,062 points during the same season.

1,993,500 lines of medical notations were added to patient records. That's 205 miles of type, the approximate driving distance from Boston to New York City.

The payroll department issued 208,000 individual paychecks.

Opportunities for informal consulting abound in this system, especially for one-to-one contact among firm members and with the firm chief and attending physicians.

Dr. Mark Aronson is one of Beth Israel's four firm chiefs. He quietly prides himself on his availability to staff and his ability to confer in informal ways throughout the hospital. In addition to teaching and overseeing the training of young physicians, Aronson, who came to Beth Israel 12 years ago, has his own practice within Healthcare Associates.

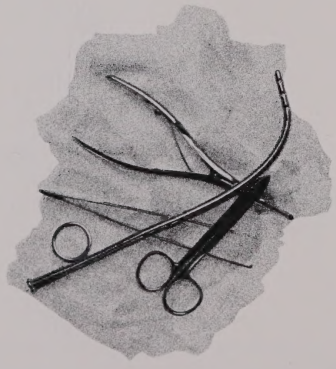
At weekly firm conferences a patient's history and care is presented to attending physicians and the firm's other house staff members. "This experience emphasizes the diagnostic and therapeutic processes, and it is less threatening than the larger, more formal medical management conferences," explains Aronson. Issues of correct management, specific successes, and different approaches that might be tried are candidly discussed. "I like staying around after conferences for 10 to 15 minutes to respond to further questions and make suggestions," he adds.

Discussing cases with young physicians, especially one-to-one, is the heart of the teaching process. Beth Israel is able to offer patients the collective wisdom, experience, and insight gained from generations of house staff and their teachers.

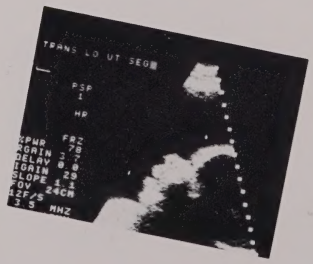
Dr. Reed Drews, chief medical resident, has found that he enjoys his own role as educator. Even though he has administrative responsibilities for 86 medical house officers, Drews still prizes opportunities to "talk medicine" with his peers and teachers. He credits the firm system with making teaching uniformly excellent and with providing young physicians with exemplary role models.

In Beth Israel's primary nursing program, a nurse manager, a nurse preceptor, and a newly-hired nurse form a teaching triad that works together to provide effective care. Barbara Bauman, RN, is the nurse manager on 7 Feldberg-A, a surgical unit. Her duties are supervisory and

Lauren Christoff, RN



Central sterile processing sterilized nearly one million surgical instrument packages.



11,180 ultrasound procedures were performed in the radiology department.

A medical or surgical inpatient came in contact with about 98 hospital employees from more than 15 departments during an average hospital stay.

managerial: the professional support and development of individual nurses, and the general oversight of patient care. "This floor is my responsibility 24 hours a day, all year round," Bauman says. "I interview and select my own staff. I empower my staff by expecting and rewarding a high degree of accountability and autonomy in their practice. I believe this results in the highest level of patient care." She likens her role to that of a coach, who makes suggestions, maintains morale, and is always available for questions.

Lauren Christoff, RN, a nurse preceptor on Bauman's staff, serves as a resource and role model and generally supports Linda Winderl, RN, who came to Beth Israel for her first clinical job upon graduation from Boston College. The preceptor and new staff nurse work together, following an identical work schedule for the four weeks of the formal preceptorship, and then informally consult together for months or even years afterward.

Christoff feels that being a preceptor gives her an unequaled chance to develop her own nursing skills and to learn supervisory techniques as well. Winderl praises Beth Israel's primary nursing system for giving her the kind of support that builds confidence and skills. Her satisfaction with her first six months at Beth Israel is captured in her enthusiastic appraisal: "Primary nursing gives our patients the best possible care. I have found that nurses are treated like gold here."

Research

Beth Israel scientists and researchers are afforded superior resources, respect, and freedom. "We have a remarkable opportunity to be able to look at things carefully in a laboratory setting, to be very close and committed to excellent inpatient and outpatient facilities and care, and to have wonderful research nurses on our team. Being able to have a close working interaction between your hands and your head is the best environment for research to flourish in, and we do that very well," says Dr. Clyde Crumpacker, principal investigator of Beth Israel's AIDS research team and a pioneer in the development of antiviral therapies.

"This is the best way for ideas to lead to experiments, for original observations on an antiviral drug at the lab bench to be transformed into an experimental clinical trial. It's important to note that we must do even better." Crumpacker's sentiments reflect a widely shared view of the optimal conditions for biomedical research that exist at Beth Israel today.

Research projects are being pursued in virtually all areas of medicine and health care including cardiology, infectious diseases, rheumatology, surgery, oncology and hematology, orthopedics, neurology, gastroenterology, pulmonary medicine, urology, endocrinology, gynecology, immunology, dermatology, and basic medical sciences. Nursing research receives continuing support in the division of nursing, where innovation and advances in the documentation of nursing practice are encouraged.

Research is supported by public and private funding, with major contributions coming from private donations, foundations, government agencies, and commercial sponsors.

Volunteer Jane Pappalardo donated 1,000 hours—the equivalent to 6 months of full-time work.

Environmental services staff members, who are responsible for cleaning almost 1,300,000 square feet of the hospital, represent 15 different countries.

Our laundry staff was kept busy washing 4,819,512 pounds of laundry, which required more than 380,000 ounces of detergent.

Funding support has grown each year as Beth Israel's research activities gain greater national and international recognition.

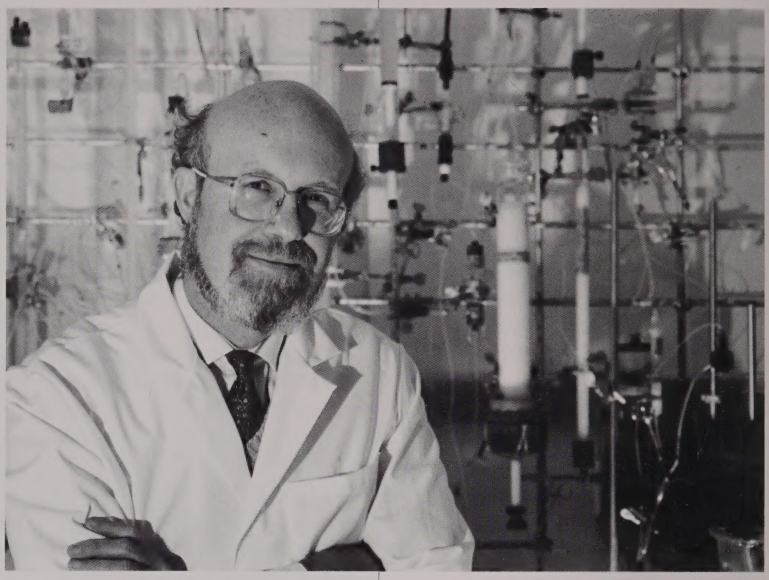
In 1987, Beth Israel ranked 7th among the nation's independent hospitals in the amount of grant funding received from the National Institutes of Health, the major federal source of funding for medical research.

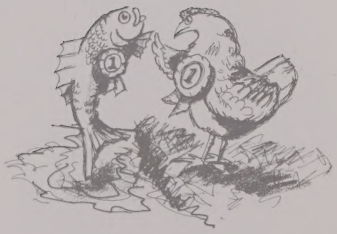
With research activities continuing to expand, the hospital needs space to house its more than 150 research laboratories. The Charles A. Dana Research Institute, located primarily in the Dana Research Building, provides space for about 300 biomedical researchers. The Dana Building is also the location of the Harvard-Thorndike Laboratories, the oldest clinical research facility in the United States, which has been located at Beth Israel since 1973.

Plans are now underway for research laboratory expansion at two sites, according to Michael Lanner, deputy director of the office of research administration and policy. The former Alumnae Hall Building of Emmanuel College will be converted into three floors of laboratories and offices. Forty-nine thousand net square feet of new research space will be available with completion of the Emmanuel site and the "Research West" facility adjacent to the Dana Building. Construction of both facilities will begin this year. Molecular biology, cardiology, medicine, obstetrics and gynecology, psychiatry, neurology, and pathology will be among the departments benefiting from new research space.

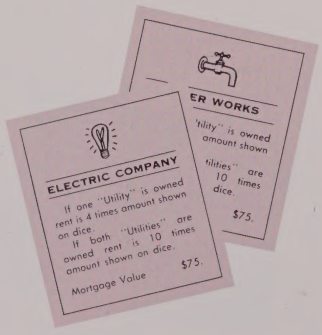
With the addition of new laboratories will come increasing talent, as was true when the Dana Building was completed in 1982. Joan Pinck, director of the office of research administration and policy, identifies the 1980s as a period of extraordinary growth in research capabilities and points to the doubling

Dr. Clyde Crumpacker





The two meals most requested by patients were chicken and filet of sole.


ELECTRIC COMPANY
If one "Utility" is owned rent is 4 times amount shown on dice.
If both "Utilities" are owned rent is 10 times amount shown on dice.
Mortgage Value
$75.
ER WORKS
tility" is owned amount shown
tilities" are 10 times dice.
$75.

The cost of utilities totaled $3,818,000. The average cost for utilities for a Boston home totaled $542.14.

The Senior Volunteer Workshop assembled 1,576 tracheostomy care kits for the operating room.

of research funds in the last five years, to equal $20 million in 1987, as an index of growth.

The close relationship between research and patient care is exemplified by the antiviral research progressing in Crumpacker's laboratory. Development of antiviral medications over the past five years has resulted in clinical trials of experimental medications such as interferon, ribavirin, and AZT on AIDS patients. Beth Israel is one of the nation's 35 AIDS Clinical Treatment Groups, and is playing a leading role in developing therapies for the disease.

A four-person team conducts and monitors these experimental studies. The treatment protocol is administered to patients and followed by three research nurses.

Sheila Hussey, RN, one of 20 research nurses at Beth Israel, has been working on the AIDS treatment team for four years. She coordinates the antiviral drug studies, supplies drugs to the patients, takes blood samples, and monitors patients' symptoms and general state of health. Hussey's day-to-day contact with her patients provides a combination of pleasure and pain that rarely diminishes in intensity. "These patients take an active, positive role in their own therapy. They are challenging, demanding individuals who require a lot of support to keep themselves going in this program. I found that it is work that you must believe in."

Because Hussey believes in her work, her patients come to believe in her and the protocols in which they participate. Crumpacker describes her as having "incredible strength." Some of Hussey's patients live longer because the antiviral drugs may help defend against opportunistic infections. These individuals must learn to cope with the problems of living with the disease. "Dealing with living often is a lot more difficult than dying. Sometimes, dying is not the worst thing there is," she says.

According to Dr. Mitchell T. Rabkin, "Beth Israel and two other Boston teaching hospitals (New England Deaconess Hospital and Massachusetts General Hospital) have become the major AIDS treatment centers in New England—an exacting, expensive, and essential health service. Working with AIDS patients demands the best of us."

Research and patient care often become interrelated in Beth Israel labs, divisions, and outpatient units. Even though therapies for which research programs are designed often take years of painstaking effort to perfect, the ultimate benefit to individuals in society is incalculable. Beth Israel is determined to increase the scope and depth of its research commitment. Increasingly effective, sensitive clinical care derives in large measure from substantial investments in human talent, time, energy, and faith. The successful results return material and human dividends for generations.

177 house officers received training, including 67 residents and 46 interns in internal medicine and surgery.

$4,430,000 worth of pharmaceuticals were dispensed to patients.

BELMONT

26,581 patients were admitted, a little more than the population of Belmont, Massachusetts.

Managing the Hospital in a Changing Environment

Managing Beth Israel Hospital in a changing financial environment is a creative challenge, according to Dr. Mitchell T. Rabkin, president. "We need to remain flexible. We must recognize that the environment, even the whole world, is changing rapidly. For some time, we have been refining a process that continually evaluates and modifies how we do things. Yet, at any time, if you sampled the scene here, you could say with assurance, 'Yes, this is Boston's Beth Israel Hospital.'"

The challenge of finding adequate funding for hospital projects and staff members' compensation remains formidable in both the short and long term. "We are looking very critically at what we do in terms of costs and in terms of results and determining which is most valuable. What is there that is less meaningful? What is there that can be done better? What are the most predictable costs and benefits?" Rabkin asks.

The acute financial problems that Beth Israel Hospital is experiencing today are, in fact, endemic to the health-care profession. Hospitals of all sizes in the United States have been financially squeezed, many far more seriously. Rabkin points out the importance of keeping financial pressures in the proper perspective. "We try to remain alert to the reality, for example, that if you are in the midst of a squall, all the boats in the water are suffering. You cannot look simply at what is happening in your own sailboat, and say to yourself in a panic, 'This is an awful mess. It's time to find another boat.' In the final, most helpful analysis, difficult though the financial environment may be, you don't want to lose your position in the race.

"Similarly, in a diagnostic sense, we have to be particularly alert to distinguish between what is generated by the environment—over which we have little control except to react—and what factors are particular to our institution—over which we may have a great deal of control.

"For example, we have made a calculated commitment to supporting certain kinds of research—molecular biology is one example. We have been able to agree on doing that because there is a growing understanding by the community and the board of trustees that quantum leaps in clinical care come from similar quantum leaps in research prowess. Research, then, is one proven key to more expert care of our patients."

Beth Israel has always recognized that changes in the health-care industry require the courage to be creative. "The complexity of both our choices and our planning increases significantly year by year," Rabkin explains. "Thoughtful, responsible team management becomes increasingly important, especially when the financial consequences are so dramatic and highly visible. We are convinced management becomes truly effective only when our entire staff supports and participates fully in the implementation of new directions. A case in point is our decision to explore the PREPARE/21 concept, a participative management program which could fully empower our entire staff with incentives to take responsibility and influence decision-making."

Laura Avakian

Laura Avakian, vice president, human resources, looks to staff members for solutions. "Our employees have always been the originators of ideas to make Beth Israel a better place for patients and a better place to work. We believe if we provide all staff with more information about the hospital's financial goals and problems, they will identify ways to contribute to cost-reduction efforts," says Avakian. The hospital's

Channel 3, Beth Israel's in-house television station, increased its viewing time to 24 hours a day, offering 8,760 hours of patient education and entertainment programming, much of it produced in the hospital's own video production center.

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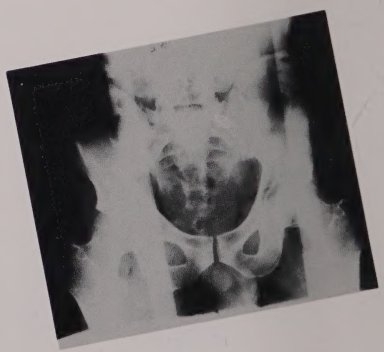
Hospital patients requested and received 8,500 kosher meals.

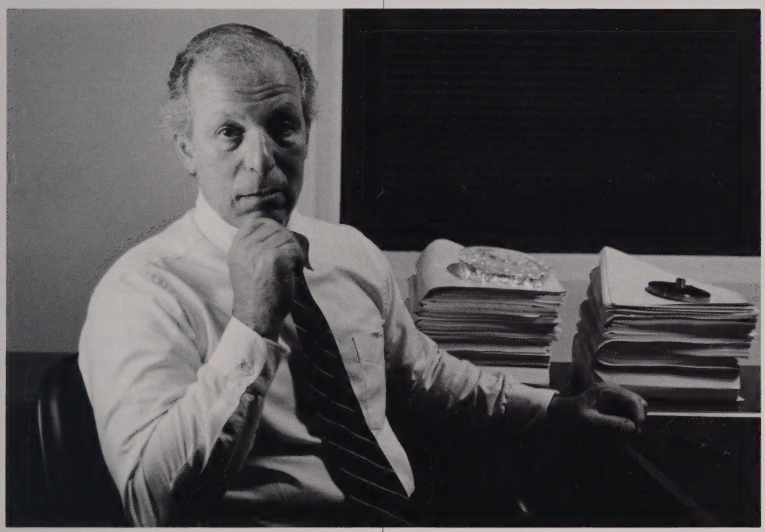


Physical therapy department staff members rehabilitated 160 patients with hip fractures.

PREPARE/21 plan will be designed to encourage this kind of employee participation and involvement. A group of 75 employees is working to draft the plan, which will be released for employee approval in the fall.

As a teaching hospital committed to excellence, Beth Israel faces a period of rededication to its goals. "Accordingly," says Rabkin, "we are working very hard together to make the most of the sharper, more painful realities of the changed environment in which we find ourselves."

David Dolins, executive vice president and director, takes great satisfaction in the exemplary performance of Beth Israel's staff in the face of declining financial support for health care. "Our employee productivity has increased every year for the past five years, and we have served more patients in each of those five years. That is a remarkable achievement." And yet, because of diminished revenues, the very best performance may be overshadowed in the final analysis by the bottom line on the balance sheet.



David Dolins

"The irony is that though our employees did everything right, we are compelled to continue searching for further economies," says Dolins.

In an era when almost all other hospitals are cutting back or eliminating their training programs because of the expense involved, Beth Israel still takes pride in training virtually every type of health-care specialist.

Malcolm S. Weiner, associate vice president, has played a key role in readjusting hospital priorities to produce significant financial savings and improve the delivery of certain services. For example, in collaboration with Leland G. Wood, director of environmental services, Weiner arranged overall reductions in the frequency of cleaning and routine office maintenance in nonpatient areas. This cut in a basic support service, with substantial dollar savings, was undertaken without reducing the responsibilities of or laying off a single staff member of the environmental services work force. "It was a difficult managerial decision, but once it was made Lee Wood and I personally communicated these changes to every member of his staff," Weiner notes.

Wood emphasizes that "our staff members really are the connective tissue of Beth Israel. We must always make clear our deep concern for them in every decision affecting their roles in the hospital. We made sure, in this situation, that everyone understood what was changed and why."

LIVE FOR LIFE®
AT BOSTON'S BETH ISRAEL

1,568 employees, or 59 per cent of the staff, participated in LIVE FOR LIFE.®

About 62,000 Reese's Peanut Butter Cups, 20,000 greeting cards, and 3,000 stuffed animals were sold in the hospital's gift shop, operated by the Friends of Beth Israel.

The Boston Globe

On any given day 125 Beth Israel inpatients read the *Boston Globe* with their breakfasts.

The Fiscal Environment

Eugene Wallace

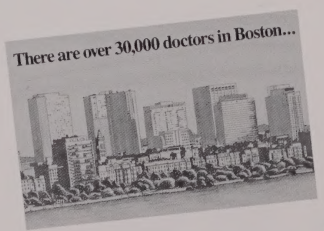
As the Massachusetts legislative process struggled to produce a law that would create a system of universal access to health care and a rational means of reimbursing hospitals for providing that care, a fragile coalition of businesses, insurers, consumers, and health-care providers came together behind legislation which, in late April, was signed by Governor Michael S. Dukakis. In its wake hospital officials faced more than half a year of working with technically defunct regulations and stopgap measures to keep the health-care system alive.

In fiscal 1987, Beth Israel Hospital recorded an operating loss of $1.6 million. For the first time in a decade of continuous growth—in physical plant development, staff expansion, and increasing care of patients—and despite increased productivity, the hospital's financial statement of operating expenses yielded a negative result.

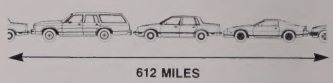
Of course, no one who is responsible for overseeing, funding, and managing the finances of an organization would be content with a negative bottom line. However, Eugene Wallace, vice president, finance, is able to identify mitigating circumstances, tangible accomplishments, and positive developments flowing from the financial adjustments and strictures of the past year.

In anticipation of reimbursement problems foreseen by Beth Israel's management team, the hospital administration several years ago instituted a program of operating cost reduction, ongoing review of all policies and procedures, and open discussion within the hospital community of how to best deal with the deepening financial dilemma. Even after undertaking such actions, and ultimately trimming

The transportation department received about 30,000 requests each month to move patients or items within the hospital. Bekins Moving Company completed that many moves in six months.



Boston's first physician referral program opened at Beth Israel. Our Boston Doctor Line took its first call in June.



Our garage held more than 215,296 cars. In a line, these vehicles would stretch 612 miles, three times the length of the Grand Canyon.

$7.5 million in operating costs, the hospital could not divert the unrelenting pressure generated by falling reimbursement revenues.

Over the past year, Kathleen Loiselle, budget manager, has conferred regularly with department managers to achieve equitable budgetary reductions in the range of four to ten per cent. She has been constantly aware that these economies have created rising levels of stress. For staff to have to work more intensively with less support over longer periods of time ultimately has an effect, regardless of how conscientious and dedicated the individuals may be.

As Beth Israel president Dr. Mitchell T. Rabkin noted last year in the 1986/87 annual report, "The burden falls not only on the patients; senior physicians, fellows and house staff, nurses, social workers, and many other hospital personnel are facing pressures unlike anything previously experienced as a result of escalation of the pace of care, intensity of illness, and the resulting hospital effort —all consequences of the new pressures for economy."

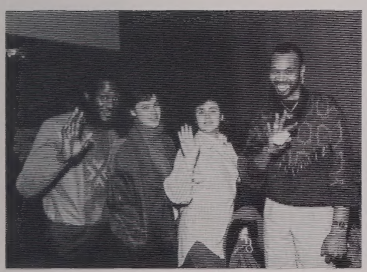
Wallace points out that the $7.5 million trimmed throughout the hospital last year will result largely in changes that are difficult but as far removed from the essentials of patient care as possible: longer waiting times for appointments, cooler building temperatures in winter and warmer in summer, office wastebaskets emptied less frequently.

"The biggest advantage of the new state health-care bill is that it provides the hospital a framework within which to plan a financial structure for the next four years. Unfortunately, it is quite likely that the level of funding permitted by the bill will be insufficient to meet our needs and we will still need to search for methods of cutting back," he says. This may involve making changes in the way essential services are provided and would be apparent to employees and patients alike. Wallace describes these changes as being "of the most difficult type, since we have just about run out of all the obvious economies. New economies will probably be identified by our employees, themselves, through PREPARE/21, our developing plan of participative management which will encourage gains in quality and productivity."

Returning to the accomplishments of the past year, Wallace points out that research funding continued to rise, gifts and contributions were donated at an encouragingly high level, and $27 million was committed to capital construction projects. Beth Israel's management team realized the gravity of the financial situation and formulated a cost-reduction strategy which, in effect, holds the line, imposes absolutely necessary economies, and continues to communicate with all hospital constituencies about alternative operating strategies as they are devised and implemented.

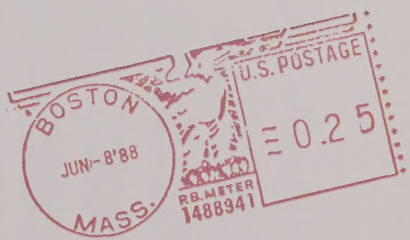
There are positive byproducts of hard times and Wallace asserts they are far from negligible. In effect, all hospital staff members are wiser, better educated, and more aware of contributions and sacrifices from all areas.

From such a heightened awareness, Wallace believes, a basically healthy dynamic is forged that gives everyone a sense of participation and ownership in the outcome of working together at Beth Israel. A cooperative commitment among staff, trustees, and the patient population augurs well for growing strength, flexibility, and resolve to see the crisis through.



More than 700 Beth Israel employees celebrated the holiday season at the hospital's annual party.

153 patients underwent lifesaving balloon valvuloplasty procedures.



Mailroom employees sorted and delivered more than 700 pounds of mail each morning, 182,000 pounds in the year.

Statement of Revenue and Expenses

for the fiscal years ended September 27, 1986 and September 26, 1987

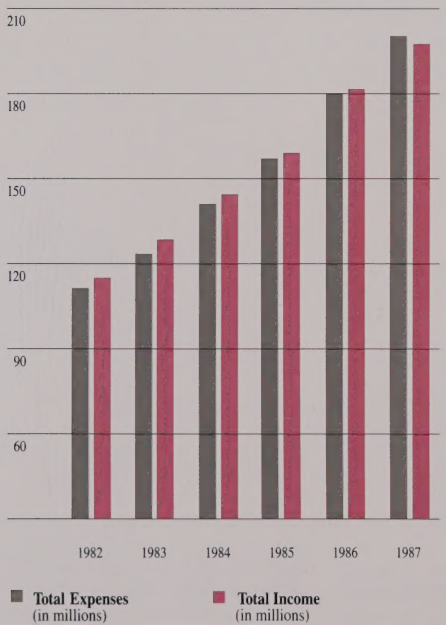
(IN THOUSANDS)	**1987**	1986
Revenue from Services to Patients*	**$169,512**	$155,350
Other Operating Income	**8,577**	7,480
Research Support from Grants and Contracts	**21,028**	18,235
Total Income	**$199,117**	$181,065
Operating Expenses	**168,804**	154,581
Research Expenses	**21,016**	18,265
Free Care and Bad Debts	**10,923**	7,629
Total Expenses	**$200,743**	$180,475
Gain (or Loss) from Operations	**(1,626)**	590
Nonoperating Revenue		
Contributions from Combined Jewish Philanthropies	**200**	200
Endowment Fund Income	**1,223**	956
Annual Appeal	**684**	612
Friends of Beth Israel	**40**	40
Unrestricted Endowments	**18**	19
Investment Income	**4,961**	5,972
Total Nonoperating Revenue	**$ 7,126**	$ 7,799
Excess of Revenue over Expenses	**$ 5,500**	$ 8,389

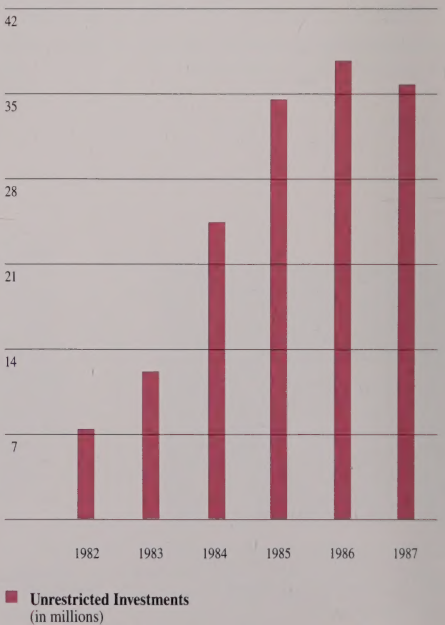
*Revenue is net of contractual adjustments.

Consolidated Balance Sheet

as of September 27, 1986 and September 26, 1987

(IN THOUSANDS)	**1987**	1986
Assets		
Cash and Other Investments		
Unrestricted	**$ 35,309**	$ 37,968
Held by Trustees	**11,515**	12,028
Restricted	**40,879**	33,790
Accounts, Grants, and Pledges Receivable, Net	**40,891**	39,877
Other Assets	**11,734**	12,459
Net Property, Plant, and Equipment	**134,449**	119,770
Total Assets	**$274,777**	$255,892
Liabilities and Fund Balances		
Accounts Payable	**$ 10,366**	$ 9,691
Notes Payable	**4,548**	5,396
Accrued Liabilities	**9,231**	8,517
Other Liabilities	**19,437**	15,026
Bonds Payable HEFA	**94,123**	95,053
Fund Balances		
Unrestricted	**28,241**	39,428
Plant Fund	**53,311**	36,548
Special-Purpose	**11,607**	10,013
Plant Expansion	**16,128**	13,658
Endowment	**27,785**	22,562
Total Fund Balances	**$137,072**	$122,209
Total Liabilities and Fund Balances	**$274,777**	$255,892





Summary Statistics

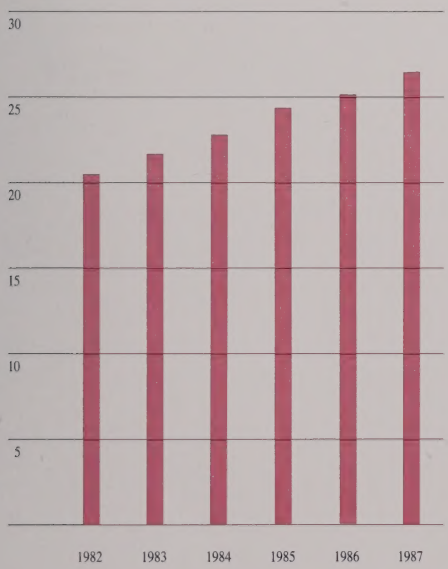
for the fiscal years ended September 27, 1986 and September 26, 1987

	1987	1986
Patient Days		
Adult	**146,968**	146,898
Newborn	**16,903**	16,848
Total Patient Days	**163,871**	163,746
Admissions		
Adult	**21,619**	20,701
Newborn	**4,962**	4,592
Total Admissions	**26,581**	25,293
Number of Ambulatory Visits		
Healthcare Associates, Women's Health Associates, Medical Walk-In Center	**55,693**	46,593
Specialty	**78,124**	77,936
Psychiatry	**20,582**	20,851
Emergency Unit	**35,925**	35,737
Total Ambulatory Visits	**190,324**	181,117
Number of Adult Beds Available	**460**	460
Number of Surgical Cases	**11,060**	10,221
Number of Deliveries	**4,748**	4,408
Number of Laboratory Tests	**1,400,376**	1,303,686
Number of X-ray Examinations	**97,669**	93,305

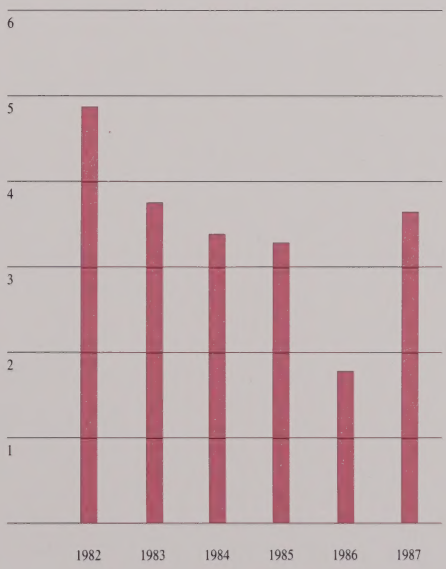
Statement of Restricted Gifts and Bequests Received

for the fiscal years ended September 27, 1986 and September 26, 1987

(IN THOUSANDS)	1987	1986
Restricted Gifts and Bequests		
Endowment Funds	**$1,899**	$ 865
Plant Expansions and Development Funds		
New Pledges	**1,521**	759
Special-Purpose Funds	**268**	279
Total Restricted Gifts and Bequests	**$3,688**	$1,903



Total Admissions
(in thousands)



Total Restricted Gifts and Bequests
(in millions)

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